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CENTRAL INTELLIGENCE AGENCY

# Memorandum

EVENTS AND DEVELOPMENTS IN  
SOUTH VIETNAM, 5-18 October

19 October 1963

DOS review completed

ARMY review(s) completed.

DIRECTORATE OF INTELLIGENCE

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OCI No. 2370/63

19 October 1963

CENTRAL INTELLIGENCE AGENCY  
MEMORANDUM:

SUMMARY

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[redacted] the situation in South Vietnam has been one of uncertain and uneasy calm. Although there have been no dramatic developments, the atmosphere seems to be that, not of a resolved crisis, but of a lull before new political storms.

In essence, the US and the Diem regime are each attempting to assess the other's determination and future intentions, but the intentions of each remain cloudy to the other. The two governments are not, for all practical purposes, in communication [redacted]

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In the cities, tension remains despite surface signs of a return to "normalcy." In the countryside, the war continues unabated, but there are a few hints that the urban political tensions may be beginning to hamper GVN conduct of the war.

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OCI No. 2370/63

19 October 1963

CENTRAL INTELLIGENCE AGENCY

MEMORANDUM: Events and Developments in South Vietnam,  
5-18 October 1963

I. GVN ACTIONS

1. In recent days the GVN has taken a number of actions, some of which may have been prompted by the new US posture and pressures (e.g., aid suspension and official "coolness.") Viewed as a whole, however, these GVN actions cannot yet be said to be moves toward conciliation and rapprochement. Indeed, they suggest that the GVN may be digging in and preparing for a long, cold winter in its relations with the US.

Military Actions

2. Two companies of Colonel Tung's "Special Forces" appear to have been released from Saigon security duties for field operations against the Viet Cong. More importantly, the transfer of the Ninth Division from the II Corps area to the delta now has been virtually completed. (This is a move recommended both by COMUSMACV and by General Taylor.) COMUSMACV reported on 17 October that Diem had decided upon a redefinition, effective 1 November, of military corps boundaries. The changes incorporate most, but not all, of recommendations made by COMUSMACV. Ngo Dinh Nhu in a 17 October press conference reiterated the Vietnamese government's intention to slow down construction of new strategic hamlets in favor of greater emphasis on consolidation of existing hamlets, a course long urged by US advisers, particularly in the Delta.

Political Actions

3. Various moves have been made to restore at least the surface appearance of "normalcy." Saigon

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is no longer under martial law. The National Assembly elections have been held, and the new Assembly was convened on 7 October and addressed by Diem, who characterized the Buddhist issue as a desperation gambit of the Viet Cong (indicative of VC weakness and loss of rural support), developed with the assistance of "international adventurers and the foreign press." More Buddhists and students have been released.

4. Nonetheless, police searches and political arrests continue. On 7-8 October, the GVN seized the senior vice president of South Vietnam's largest labor confederation (the CVTC), a USOM local employee, and an aide to the GVN Delegate for the Southeastern Provinces. The labor leader (who was released on 15 October after an ultimatum by CVTC President Buu) was probably arrested partly as a warning to the labor movement and partly because of the political activities of his student son. The USOM local may have been apprehended as a warning to other Vietnamese employees of the US Mission. The Delegate's aide appears to have fallen into disfavor for being too "pro-American."

5. On the economic side, the GVN has begun to earmark some of its own funds to import commodities previously financed exclusively under the CIP. There are reports that GVN civil servants have been alerted to accept a "voluntary" cut in salary. Diem has recently hinted to the people that a "time of austerity" lies ahead, and Saigon press reports citing "usually well-informed sources" assert that the GVN plans to counter US aid suspensions by causing "controlled inflation." In general, it would appear that the GVN is preparing for an appreciable reduction and/or prolonged suspension of US economic aid. There are reports that the GVN, at Nhu's instigation, is moving to replace the USOM counterinsurgency supply system for the strategic hamlet program with a system controlled by ARVN and the Republican Youth. This move, reportedly ordered to become effective 1 January, would seriously impair US control over supply movements.

6. Internationally, the GVN has invited an observation delegation from the UN General Assembly, a move designed to forestall UN debate and censure

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of recent GVN moves against the Buddhists. Also, reports continue to be received of GVN overtures to North Vietnam, though no new hard evidence on this topic has come to light.

### Actions With Respect to the US

7. Diem's 7 October speech to the new National Assembly expressed thanks for foreign aid, particularly for the sacrifices of US soldiers, albeit in a considerably lower key than has been the case in similar speeches in the past. Diem made no reference to the contribution of US civilian advisers, although Secretary Thuan had told Ambassador Lodge that the original draft of Diem's speech contained such a remark.

8. The Times of Vietnam has continued its GVN-sanctioned--if not GVN-inspired--attacks on the US government in general and the CIA in particular. On 7 October it charged that the US economic aid program had been suspended. On 11 October it criticized President Kennedy directly for the first time, claiming he had given "virtual blessing to the 'semisecret, semipublic' policy of forcing the Vietnamese government to buckle down under the weight of diplomatic and economic pressures and conform subserviently to certain wishes of the State Department...(and)... virtually sanctioned the CIA's activities in Saigon."

9. Nhu told the press on 17 October that US aid cuts were having a bad effect on the war effort and that the US had "initiated a process of disintegration." He claimed to have a list of "half a dozen" CIA agents who, according to Buddhists now in detention, had urged them "day and night" to mount a coup. A fresh manifestation of GVN hostility to the US press occurred on 5 October, when three US newsmen were beaten by the Vietnamese police.

10. The US official community in Vietnam now is being kept under close scrutiny by police and security elements and there are reports that the GVN is preparing a "white paper" on US subversive activities in South Vietnam. There are also reports that GVN officials have been warned to curtail contacts with Americans, and there are some signs of coolness or nervousness in previously cordial liaison relationships at the working level.

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Both Diem and Nhu have openly expressed to third country diplomats their present anger at the US and its recent actions. In the US itself, the GVN "delegate" to the UN and the new Ambassador have both expressed conciliatory, reasonable sentiments; but Mme Nhu continues her effort to go over the US government's head and argue the Ngo family's case with the US people.

II. THE IMPACT OF RECENT US AND GVN ACTIONS ON THE MILITARY EFFORT

12. The war against the Viet Cong continues unabated and essentially unchanged, but there are some hints that recent political events may be making themselves felt in the military sphere. Although there cannot be said to have been any appreciable slackening in the intensity or effectiveness of the GVN war effort, nonetheless certain trends and indicators are less encouraging than they were in mid-summer--e.g., relative casualty ratios, weapon losses, and GVN "missing in action" figures. There has certainly been no diminution in the VC effort, which has picked up somewhat in recent weeks, though the level of VC attacks and incidents is not abnormally high for this time of year. The 5 October defection to Cambodia of a GVN fighter pilot who subsequently said he was acting in protest against Diem's "atrocities" against the Buddhists may have been an isolated act, but could also be construed as a possible symptom of deteriorating morale among some segments of the officer corps. The latter part of September saw a marked rise in reports of serious coup planning among junior and field grade officers.

13. The generals appear to be somewhat less coup-minded than may have been the case several weeks ago.

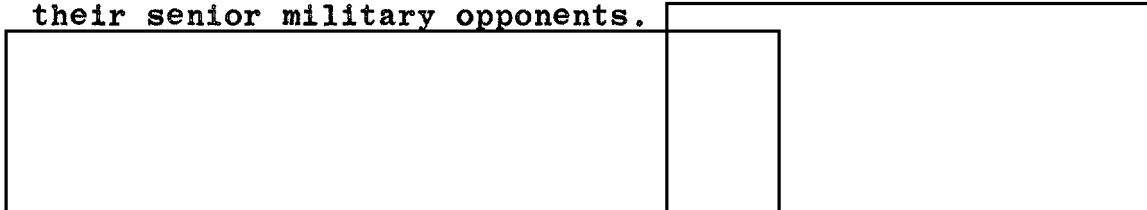
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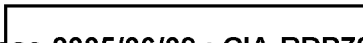
They seem to have presented Diem and Nhu with various "reform" demands, and it may be that coup talk will be held in abeyance until the Ngos act on these demands. There are indications that Diem and Nhu may be meeting with some success in winning over the generals--or at least in playing for time and dividing their senior military opponents.



### III. THE IMPACT OF RECENT US AND GVN ACTIONS ON THE DOMESTIC POLITICAL SCENE

14. Recent GVN actions have not materially relieved the underlying political tension, especially in urban areas. There has been another Buddhist suicide by fire (5 October) and there are a number of reports and rumors holding that many South Vietnamese students are going over to the Viet Cong. Such reports almost certainly exaggerate the number of students involved, but general student unrest remains serious, and there are signs that students are attempting to develop some form of organization capable of effective opposition to the regime. Reports of civilian coup plots and combinations continue to be received, and although these seem to involve more talk than contemplated action, they are symptomatic signs of domestic political unrest, especially in urban centers. The morale of the urban elite, including both private citizens and civil servants, remains adversely affected by the continued atmosphere of fear and uncertainty brought about by the regime's heavy security controls and additional arrests.

15. US actions to date do not seem to have been particularly well received by the politically conscious segments of South Vietnamese society. The urban intellectuals (again, including both private citizens and civil servants) appear disheartened over--and in some cases contemptuous of--what they regard as American failure to react to what they consider to be highly provocative acts on the part of the Ngo regime.



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16. In the economic sphere, the US use of aid suspension as a pressure device has not yet had a positively measurable impact; but there are signs of nervousness among the business community, and a few indications of hoarding and/or speculative hedging. The Vietnamese business community is accustomed to crises. On the surface, the economic scene remains relatively stable, but the business climate would appear to be stagnating to some degree. Inflationary signs in the past few days appear to be causing some local Chinese businessmen to try to liquidate plaster holdings. One of them said the cost of building materials had jumped 20 percent in a week and predicted that the plaster would soon be worthless.

#### V. CONCLUSION

17. In general, although the GVN has taken a major constructive step in the purely military sphere (i.e., the transfer of an additional division to the delta), it does not seem to have moved very helpfully in the direction of internal political improvement or on matters affecting relations with the American people and the US government. Instead, recent GVN actions strongly suggest that Diem and Nhu are not appreciably moved by US actions to date and are preparing to dig in for a protracted war of attrition with the US, during which they will resist pressures for reform and seek to dissipate such pressures by exploiting any differences which may emerge among US policy-makers. Also, it seems more than likely that the Ngos will attempt to deny the US alternative options by keeping close tabs on all dissident or potentially dissident elements in Vietnam and, perhaps, equally close tabs on all elements and members of the US mission.

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